

## Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 AF-10 EB-07 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05  
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02  
FEAE-00 OMB-01 XMB-02 OPIC-03 IOE-00 ARA-06 EA-07  
NEA-10 /138 W

-----061218Z 044635 /46

P R 061126Z MAY 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 8049

INFO USMISSION EC BRUSSELS

USMISSION USUN NEW YORK

AMEMBASSY PARIS

AMEMBASSY LONDON

USMISSION GENEVA

USDEL MTN GENEVA

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

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E.O. 11652: GDS

TAGS: PFOR, ETRD, RH, GW

SUBJECT: RHODESIAN CHROME

REFS: (A) STATE 98459; (B) EC BRUSSELS 4497

SUMMARY: FOREIGN OFFICE WELCOMED FULL U.S. COMPLIANCE WITH UN SANCTIONS ON RHODESIA AND OUTLINED FRG ENFORCEMENT EFFORTS. PRESSING TRADE PROBLEMS, HOWEVER, ARE CREATING STEEL INDUSTRY PRESSURES ON THE FRG. ECONOMICS MINISTRY SUGGESTS INTRODUCTION OF "COOLING OFF" PERIOD TO PRECEDE NEGOTIATION ON NEW, TIGHTENED EMBARGO REGULATIONS. END SUMMARY.

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1. WE PRESENTED POINTS RAISED PARAS 2-6 REFTEL A TO FOREIGN OFFICE (AUER, RHODESIAN DESK OFFICER AND FONOFF REP TO FRG INTER-MINISTERB WORKING GROUP ON SANCTIONS VIOLATIONS) ON MAY 3. AUER WELCOMED U.S. COMPLIANCE AND NOTED THE FRG HAD ACTED ON ITS UN SANCTIONS RESPONSIBILITIES IN A VARIETY OF WAYS. HE THEN OFFERED A BRIEF RUNDOWN ON FRG LAW ON AND ENFORCEMENT OF

SANCTIONS VIS-A-VIS RHODESIA.

2. THE FRG AMENDED ITS FOREIGN TRADE ACT IN 1968 AND AGAIN IN 1976 TO COMPLY WITH UN SANCTIONS POLICY. SINCE FRG CONSTITUTION (GRUNDGESETZ) PRECLUDES OUTRIGHT BANS ON TRADE WITH ANY COUNTRY, THESE AMENDMENTS MADE TRADE WITH RHODESIA SUBJECT TO GOVERNMENTAL APPROVAL. THAT APPROVAL HAS NOT BEEN GRANTED FOR EITHER IMPORTS OR EXPORTS EXCEPT FOR MINOR EXCEPTIONS ON HUMANITARIAN GROUNDS.

3. AN INTER-MINISTERIAL WORKING GROUP -- ENCOMPASSING MINISTRIES OF FINANCE, ECONOMICS, JUSTICE, TRANSPORTATION, THE FOREIGN OFFICE AND SOMETIMES OTHERS -- WAS ALSO ESTABLISHED TO COORDINATE FRG ENFORCEMENT ACTIVITIES. THIS GROUP MEETS PERIODICALLY TO DISCUSS REPORTS OF ALLEGED VIOLATIONS. THESE REPORTS COME FROM THREE MAJOR SOURCES: DOMESTIC INFORMATION, REPORTS BY THE UN SANCTIONS COMMITTEE, AND CONFIDENTIAL REPORTS FROM THE BRITISH GOVERNMENT, WHICH, ACCORDING TO AUER, IS BETTER SITUATED TO LEARN OF POSSIBLE VIOLATIONS. IN GENERAL TERMS, WHEN ANY REPORT OF A VIOLATION IS RECEIVED, AN ORGAN OF THE FEDERAL FINANCE MINISTRY (OBER-FINANZDIRECTION) IS EMPOWERED TO CONDUCT AN AUDIT OF THE RECORDS OF THE SUSPECTED VIOLATOR. IF EVIDENCE OF A VIOLATION IS DEVELOPED, THE CASE IS TURNED OVER TO A COURT FOR PROSECUTION.

4. THE FRG, HOWEVER, IS AWARE THAT RHODESIAN GOODS MAY CONFIDENTIAL

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SLIP BY BY FUNNELING THEM THROUGH THIRD PARTIES. ACCORDING TO AUER, ONE OF THE MOST DIFFICULT PROBLEMS IS TO DETECT THE PRESENCE OF RHODESIAN CHROME IN CERTAIN FINISHED OR SEMI-FINISHED STEEL PRODUCTS. (THE FRG, HE SAID, IMPORTS LITTLE CHROME ORE FROM SOUTHERN AFRICA, IMPORTING INSTEAD SEMI-FINISHED STEEL INGOTS FROM MANY COUNTRIES WHICH MAY CONTAIN RHODESIAN CHROME.) SEVERAL YEARS AGO, VARIOUS GERMAN STEEL AND CHEMICAL COMPANIES WERE REQUESTED TO TEST SOME OF THESE INGOTS FOR THE PRESENCE OF RHODESIAN-ORIGIN CHROMIUM. WHEN THEY WERE UNSUCCESSFUL, THE FRG DIRECTED A SIMILAR REQUEST, THROUGH THE BRITISH GOVERNMENT, TO SEVERAL BRITISH STEEL AND CHEMICAL FIRMS WHICH CONFIRMED THAT THE ORIGIN OF THE CHROMIUM IN SEMI-FINISHED STEEL WAS NEARLY IMPOSSIBLE TO DETERMINE.

5. ACCORDING TO THE ECONOMICS MINISTRY, FRG STEEL PRODUCERS ARE PRESSING THE GERMAN GOVERNMENT VERY HARD TO FIND A QUICK SOLUTION TO THE PROBLEM CREATED BY

FRG STEEL EXPORTS TO THE U.S. (ALREADY LANDED AND STORED IN WAREHOUSES OR IN ROUTE) WHICH ARE BEING BARRED ENTRY PENDING CERTIFICATION THAT THEY ARE FREE OF RHODESIAN CHROME. THYSSEN IS ESPECIALLY HARD HIT SINCE

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IT IS INVOLVED IN A LARGE PROJECT IN THE U.S., AN  
IMPORTANT COMPONENT OF WHICH ARE THYSSEN PRODUCTS.  
THE GERMAN IRON AND STEEL ASSOCIATION IS ALSO WORRIED  
THAT EEC EXPORTERS WILL NOW NOT BE ABLE TO FILL  
THEIR SPECIALTY STEEL QUOTAS AND THAT THEIR UNFILLED  
SHARE WILL BE LOST TO OTHER COUNTRIES IN A LATER  
REDISTRIBUTION.

6. ECONOMICS MINISTRY OFFICIALS STRESS THE NEED FOR A  
SHORT "COOLING OFF" PERIOD DURING WHICH THE IMMEDIATE  
PROBLEMS OF EXPORTERS COULD BE RELIEVED. THIS WOULD BE

FOLLOWED BY A PERIOD OF NEGOTIATIONS IN SOME FORM AND  
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THE GRADUAL INTRODUCTION OF A NEW AGREED REGIME FOR STEEL IMPORTS. THIS WOULD RELIEVE THE PRESSURES ON EUROPEAN GOVERNMENTS AND ALLOW THEM TO FOCUS ON THE LONGER-TERM PROBLEM OF TESTING TECHNIQUES, CERTIFICATES, AND THE ADOPTION OF SIMILARLY STRICT REGULATIONS. THEY CLAIM ANY NEW REGIME SHOULD BE GRADUALLY INTRODUCED BECAUSE STEEL PRODUCED TODAY USES CHROMIUM IMPORTED FOUR MONTHS AGO, THUS NECESSITATING A SHAKEOUT OF OLD CHROMIUM STOCKS.

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## Message Attributes

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22 May 2009  
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